

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 2167 - HB 2486

March 14, 2016

SUMMARY OF ORIGINAL BILL: Requires the Governor, the Speaker of the Senate, and the Speaker of the House of Representatives to establish an advisory task force the purpose of determining how to regulate mobile business locations that are operated by members of occupations regulated by a regulatory programs that is under the Division of Regulatory Boards. The task force shall be comprised of 9 members. This task force is required to report its findings and recommendations to the Governor, the Speaker of the Senate, and the Speaker of the House of Representatives no later than January 1, 2017. The Department of Commerce and Insurance is required to provide administrative services to the task force. Members of the task force shall serve without compensation, but shall be eligible for reimbursement for travel expenses. The task force shall be terminated upon completion of the task force's report and recommendations. This proposed legislation is effective upon becoming law.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - \$2,500/One-Time

IMPACT TO COMMERCE OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (013701): Deletes all language of the original bill. Defines a "mobile shop" as any self-contained, self-supporting, enclosed motor vehicle that may be used as a barber shop, cosmetology shop, dual shop, manicure shop, or skin care shop. Establishes that in order to operate a mobile shop, an applicant must first acquire a license from the Board of Cosmetology and Barber Examiners. In order to apply for such license, an applicant must hold a valid license for a shop with a fixed location, pay an application fee as set by the Board, pay an initial license fee in the amount of \$250, and undergo and pass an initial inspection. Renewal licensure is \$250. Prohibits the application fee from exceeding the cost of administering this act. Establishes that all health and safety requirements that apply to fixed-location shops also apply to mobile shops. For purposes of promulgating rules, this act shall take effect upon becoming law. For all other purposes, this act shall take effect January 1, 2017.

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FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Revenue –

Exceeds \$3,400/Board of Cosmetology and Barber Examiners

Increase State Expenditures –

Exceeds \$3,400/Board of Cosmetology and Barber Examiners

Assumptions for the bill as amended:

- It is unknown how many current cosmetology shops and barber shops will choose to operate a mobile shop.
- Texas currently licenses mobile cosmetology and mobile barber shops.
- There are approximately 52 mobile shops licensed in Texas.
- The population of Texas is approximately 27,469,114 and Tennessee has a population of approximately 6,600,299 (Census Bureau, 2015).
- It is assumed that at any given time there will be a minimum of 12 mobile shops licensed in Tennessee $[(6,600,299 / 27,469,114) \times 52]$.
- The Board will charge an application fee of \$100 and \$250 for initial and biennial renewal licenses.
- On average, and after an initial licensing period following enactment, it is assumed there will be at least four new applicants and at least eight renewals each year; therefore, a recurring increase in state revenue of \$3,400 $\{[4 \times (\$100 + \$250)] + [8 \times \$250]\}$ to the Board.
- Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-supporting over any two-year period. The recurring increase in state revenue collected from fees received for the licensing of mobile shops will be offset by increased expenditures incurred by the Board in administering this new regulatory duty, including, but not limited to, expenses incurred for supplies and in inspecting such mobile shops. As a result, the recurring increase in state expenditures for the Board is estimated to exceed \$3,400.
- Public Chapter 964 of the Public Acts of 2014 conjoined the Board of Cosmetology and the Board of Barber Examiners into one Board, the Board of Cosmetology and Barber Examiners. This Public Chapter was enacted on July 1, 2014.
- Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-supporting over any two year period.
- The Board of Cosmetology had an annual surplus of \$42,158 in FY13-14, an annual surplus of \$104,555 in FY14-15. The Board of Barber Examiners had an annual surplus of \$97,025 in FY13-14. The Board of Cosmetology and Barber Examiners had a surplus of \$104,555 in FY14-15 and a cumulative reserve balance of \$394,499 on June 30, 2015.

IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- Current owners of cosmetology and barber shops will have the authority to open a mobile shop.
- Any additional revenue collected by mobile shops is assumed to displace revenue that would, in the absence of this legislation, be collected by cosmetology shops and barber shops with fixed locations; therefore, this legislation will have no significant impact on commerce or jobs in this state.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee".

Krista M. Lee, Executive Director

/jdb